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## NOTES.

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PROFESSOR ÉMILE LEVASSEUR is now in the United States, commissioned by the French Academy of Sciences to study and report upon our manufacturing conditions, and the status of the operatives. A report by so distinguished an economist will be as much sought for in this country as abroad.

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MR. EDWARD CANNAN has completed a work on the History of Theories of Production and Distribution. It offers historical studies of different topics in the theory instead of a history of different writers.

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THE seriousness of the crisis in Australia may be understood by noting that the deposits in 14 banks which have suspended payments amounted to \$410,000,000, with reserves of only \$24,927,500.

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IN view of the constant reference to the relation between prices and the quantity of money, in the discussions on gold and silver in recent years, it is a little surprising that the principal commercial states have not made the official collection of prices a matter of governmental care. There is the less surprise, of course, when it is remembered that statistics is a comparatively new study; and that the reasons for the collection of data and their ordering, become clear only after an insight into economic relations. The demand for tables of prices has arisen from the theory of a direct relation between prices and the quantity of money. The study of monetary theory, preceding a full knowledge of facts, demands the verification, or disproof, which can only be obtained by examination of carefully collected data. In Germany, the best tables of prices known to students of money, those of Dr. Soetbeer, taken from Hamburg returns, have been prepared by private enterprise. In England, the old system of the London *Econ-*

*omist*, which has been admitted to be unsatisfactory, and those of Mr. Sauerbeck, which confirm the movement of the Hamburg prices, are also the result of private initiative. In this country, an old table of prices first published during the war in the Finance Reports, and since resurrected, is untrustworthy. Consequently, in all monetary discussions, reference must be had only to the English or German tables of prices.

Is it not high time that Congress should be memorialized for an annual appropriation to secure a careful and methodical record of American prices and their publication by the government? Inasmuch as this country presents widely different sections in which prices may differ, the prices of all the articles in a list should be quoted at various markets, like New York, Chicago, New Orleans, Denver, and San Francisco. Both retail and wholesale prices might be given, in spite of difficulties in gathering retail prices. The list should include a classified number of at least a hundred commodities, and be published monthly. Without attempting to decide upon the proper form of index number, the material could be published in full, in condition to be worked over into any of the proposed plans. By presentation of highest and lowest prices, the average of all sales, and some attempt at quantity sold, the material, if collected on the same plan year by year, would in a few years prove invaluable in the study of many of our economic problems. It is to be hoped that at its meeting in Chicago this month the *International Institute of Statistics* may give some attention to this suggestion. The proposition is one, moreover, which would be supported by both parties to the silver controversy.

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A GREAT financial disturbance is invariably the means of instruction, if we will but take it. Although the matter is understood by economists, the general public have been ignorant of the fact that the largest part of the process of exchanging goods is not performed by silver dollars, silver certificates, silver treasury notes of 1890, gold coin, gold certificates, United States notes, national bank notes—the constituents of our heterogeneous circulation—but by the cheque and deposit system of our banking institutions, as shown in quantitative form by the clearing house returns. An ocular proof of this has been given, so that “he who runs may read.” The absolute break-down of our currency system in the process of liquidation forced to the front this powerful

medium of exchange. Goods, represented by discounts or collateral, became the basis of the issue of clearing-house certificates to an extent greater even than in the panic of 1873, and these certificates were satisfactory means of payment. But, when "currency" became practically unattainable—that is, when ordinary, familiar forms of money disappeared—this credit-currency provided by the banks served largely as the means of carrying on the exchanges. Without this system, business must have come to a standstill, and blank desperation faced every dealer and merchant. The most casual observer, therefore, must have seen this, and noticed the service which banking methods have rendered to the community. It may have removed some of the ignorant misunderstanding as to the functions of banks.

THE condition of the principal banks of issue is given in the *Bulletin de Statistique et de Législation Comparée*, for July, 1893, from which we take the following figures of the metallic reserves (in millions of francs) :

NAME.	Metallic Reserve.	Composition of Reserve		Circulative Notes.	Percentage of Reserve to Circulation
		Gold.	Silver.		
Imperial Bank of Germany-----	1,016.1	-----	-----	1,375.0	74
Bank of Austria-Hungary-----	582.3	217.3	365.0	985.3	60
Bank of Belgium-----	102.5	-----	-----	410.4	25
National Bank of Bulgaria-----	8.2	-----	-----	1.6	512
National Bank of Denmark-----	82.7	-----	-----	113.5	72
Bank of Spain-----	363.1	197.9	165.2	902.5	40
Bank of Finland-----	25.1	21.7	3.4	43.2	58
Bank of France-----	2,997.2	1,716.7	1,280.5	3,450.7	87
National Bank of Greece-----	2.1	-----	-----	113.7	2
Italy: National Bank-----	247.2	211.1	36.1	636.7	39
Other Banks of Issue-----	214.9	188.0	26.9	592.9	37
Bank of Norway-----	34.0	34.0	-----	63.8	53
Bank of the Netherlands-----	249.7	71.3	178.7	412.0	59
Bank of Portugal-----	44.8	12.5	32.3	280.6	15
Bank of Roumania-----	66.1	64.7	1.4	138.3	48
Great Britain: Bank of England---	752.9	752.9	-----	664.1	113
Bank of Scotland-----	111.2	-----	-----	147.8	75
Bank of Ireland-----	77.9	-----	-----	149.9	52
Imperial Bank of Russia-----	1,523.0	1,506.1	16.9	3,882.7	39
Bank of Servia-----	12.8	8.6	4.2	26.4	49
Sweden: Royal Bank-----	28.6	23.3	5.3	60.5	49
Private Banks-----	22.8	10.7	12.1	79.6	29
Swiss Banks of Issue-----	89.0	69.3	19.7	163.2	55

THE present financial stringency is disclosing the shortcomings in the various kinds of money making up our heterogeneous circulation. The prime quality of "elasticity," which is sure to be tested in times when distrust makes exchanges difficult, is shown to belong to but a part of our circulation; and the premium upon "currency" and its scarcity prove how serious are the dangers arising from hap-hazard legislation on money, in which historical teaching is wholly neglected either from ignorance or bad politics. The creation of inferior media of exchange, fixed in amount, or limited to our own boundaries, makes it impossible to get relief in times of scarcity by recourse to other countries. The volume of silver and silver certificates is issued mechanically, unconnected with the demands and supply for currency; United States notes ("greenbacks") are by law fixed at \$346,000,000, and have been so for decades; the national banking system has been so treated that its issues have been diminishing; while gold is the only money we have which can automatically adapt its supply to the "needs of trade." That is the meaning of the importation of gold in the past few weeks. That country whose goods are in demand in other countries can obtain gold to the extent needed by its exchanges. But the very part of our currency which would normally have been "elastic" has been checked in its natural movements by legislation which produced the fair certainty of a coming silver standard, and so caused hoarding and exportation of gold. Consequently the great suffering and distress produced by a "scarcity of currency" in the United States is the natural and inevitable punishment for unwise legislation and the adoption of media which have no elasticity. It is a perilous situation.

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THE issues of the national banks, under the free banking provisions, may be said to be theoretically elastic; and their treatment during the existing crisis is worth attention. Under present conditions these issues can be indefinitely extended, but practically only at a loss; or, also, because of the scarcity of the security on which they can be issued (U. S. bonds). During the worst part of the stringency, it was noticeable that, under the necessity of turning securities into cash, United States bonds fell in price, and that savings banks holding such bonds aimed to relieve their distress by passing the bonds to the national banks to be used for additional note issues. This spasmodic

attempt to follow a natural impulse was choked off by the constricting operation of our banking acts, and no very considerable relief was obtained by this process. A change in the market rate of interest, or a fall in the price of our bonds, or a change in the percentage of notes, which can be issued on bonds, or any action resulting in the possibility of issuing notes at a profit, is necessary before these issues are likely to be increased. The national bank issues, therefore, are, in practice, inelastic.

THE action of Austria-Hungary and the Indian government has no doubt been influenced by the steadily increasing production of gold, as well as by the increasing yield of silver. From 1493 to 1850, the total gold production was \$3,314,553,000. Since 1850, the product of gold has been not only exceptional, but phenomenally steady. Of late the product has shown a steady increase. In the years 1851-1892 (inclusive) the total gold production has been \$5,203,226,000; that is, the product of the 357 years before 1850 has been surpassed in about 40 years by more than one-half. The product of 1851-1892 is 157 per centum of that of 1493-1850. When it is recalled that, unlike grain or cattle, gold is imperishable, and the whole past production yet remains in existence—barring slight losses by abrasion, shipwreck, etc.—the situation is not discouraging even to the believer in the quantity theory. With more than \$5,000,000,000 of gold in sight in the principal banks of Europe, there is no fear of a gold famine, especially as the production of gold shows a steady increase. We give below, from the Director of the Mint, the figures for the production of gold and silver since 1873:

YEAR.	GOLD.	SILVER.	YEAR.	GOLD.	SILVER.
1873	96,200,000	82,120,000	1883	95,400,000	98,986,000
1874	90,750,000	70,673,000	1884	101,700,000	90,817,000
1875	97,500,000	77,578,000	1885	108,400,000	97,564,000
1876	103,700,000	78,322,000	1886	106,000,000	92,772,000
1877	114,000,000	75,240,000	1887	105,775,000	94,031,000
1878	119,000,000	84,644,000	1888	110,197,000	102,283,000
1879	109,000,000	83,383,000	1889	123,489,000	117,268,000
1880	106,500,000	85,636,000	1890	120,465,000	141,100,000
1881	103,000,000	89,777,000	1891	126,159,000	142,266,000
1882	102,000,000	98,230,000	1892	130,816,000	133,054,000